

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINED FINANCIAL REPORT  
JUNE 30, 2011

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

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JUNE 30, 2011

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Eyerly-Ball  
Community Mental Health Services, and  
The Westminster Group  
Des Moines, Iowa

We have audited the accompanying combined statement of financial position of Eyerly-Ball Community Mental Health Services and The Westminster Group, and their subsidiary, Golden Circle Behavioral Health, L.C. as of June 30, 2011, and the related combined statements of activities, functional expenses and cash flows for the year then ended. These combined financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Eyerly-Ball Community Mental Health Services, The Westminster Group, and their subsidiary, Golden Circle Behavioral Health, L.C. as of June 30, 2011, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying information on pages 16 to 24 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
October 26, 2011

## FINANCIAL STATEMENTS

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINED STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2011

ASSETS

CURRENT ASSETS:

Cash	\$ 616,126
Accounts receivables	
Government	836,860
Clients and third party providers	377,110
Other	30,292
Prepaid expenses	21,699
Total current assets	<u>1,882,087</u>

NON-CURRENT ASSETS:

Funded reserves:	
Reserve for replacements	70,415
Residual receipts	17,895
Tenant security deposits	2,929
Rent deposit	10,020
Property and equipment (net of accumulated depreciation)	1,765,665
Investment in Greater Des Moines Community Foundation	16,082
Total non-current assets	<u>1,883,006</u>

TOTAL ASSETS      \$ 3,765,093

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable:	
Trade	\$ 563,094
Goodwill Industries of Central Iowa	63,238
Cost settlement	46,564
Other	46,167
Deferred revenue	520,673
Accrued incentives	19,775
Accrued payroll	242,470
Accrued vacation	210,492
Accrued payroll taxes	20,986
Accrued interest payable	6,555
Lead Agency Reserve Account	108,338
Tenant security deposits held in trust	8,931
Current portion of loans and mortgages payable	65,474
Total current liabilities	<u>1,922,757</u>

LONG-TERM LIABILITIES:

Loans and mortgages payable - Less current portion	1,428,165
Minority interest in subsidiary's equity	143,556
Total long-term liabilities	<u>1,571,721</u>

TOTAL LIABILITIES      3,494,478

NET ASSETS:

Unrestricted	245,236
Temporarily restricted	25,379

TOTAL NET ASSETS      270,615

TOTAL LIABILITIES AND NET ASSETS      \$ 3,765,093

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>PUBLIC SUPPORT, REVENUE AND OTHER SUPPORT:</u>			
Public support:			
Received directly:			
Contributions	\$ 51,805	\$ -	\$ 51,805
Fees and grants from governmental agencies	6,804,613	-	6,804,613
Revenue:			
Private patient and client participation	1,751,270	-	1,751,270
Rental income	214,032	-	214,032
Support service fee	143,789	-	143,789
Investment income	3,765	-	3,765
Management fees	11,098	-	11,098
Miscellaneous	20,044	-	20,044
	<u>2,143,998</u>	<u>-</u>	<u>2,143,998</u>
 TOTAL PUBLIC SUPPORT, REVENUE AND OTHER SUPPORT	 <u>9,000,416</u>	 <u>-</u>	 <u>9,000,416</u>
<u>EXPENSES AND OTHER REDUCTIONS :</u>			
Program services	8,105,344	-	8,105,344
Supporting services	804,289	-	804,289
Total expenses	8,909,633	-	8,909,633
Minority interest in subsidiary's earnings	25,226	-	25,226
 TOTAL EXPENSES AND OTHER REDUCTIONS	 <u>8,909,633</u>	 <u>-</u>	 <u>8,934,859</u>
 CHANGE IN NET ASSETS	 65,557	 -	 65,557
<u>NET ASSETS</u> - Beginning of year	<u>179,679</u>	<u>25,379</u>	<u>205,058</u>
<u>NET ASSETS</u> - End of year	\$ <u>245,236</u>	\$ <u>25,379</u>	\$ <u>270,615</u>

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2011

	Program Services				
	Community Support Programs	Elderly Outreach Programs	Clinical and Psychiatric Services	Residential Care Facilities	Case Management
Salaries	\$ 493,379	\$ 478,379	\$ 1,009,000	\$ 828,942	\$ 640,009
Employee benefits	64,618	17,434	122,526	35,122	43,677
Payroll taxes	39,521	15,237	118,063	49,159	55,501
Total salaries and related expenses	597,518	511,050	1,249,589	913,223	739,187
Contract services	5,675	4,412	107,075	34,403	310,725
Utilities	110	2,356	21,206	43,068	-
Rent	475	2,794	1,126	21,873	-
Occupancy - Maintenance	-	-	-	-	-
Professional fees	2,972	1,025	11,375	5,135	-
Food	-	-	-	9,742	-
Office supplies	881	845	5,719	2,403	2,220
Equipment repairs and maintenance	2,142	3,704	30,426	57,995	852
Recreation and crafts	4,752	1,209	11,390	9,318	-
Household supplies	-	-	-	27,264	-
Telephone	14,897	6,625	23,346	9,977	3,182
Postage	1,627	482	3,175	2,357	-
Taxes and insurance	8,808	2,653	22,200	47,041	-
Transportation	27,903	9,086	11,650	9,658	27,027
Conferences and training	2,059	931	37,294	2,099	1,282
Advertising	1,958	713	5,608	-	-
Printing	1,663	808	4,132	826	215
Licenses	2,602	79	15,709	486	-
Miscellaneous	1,121	315	6,613	138,633	654
Subscription and dues	693	167	1,481	9,849	-
Payroll service	654	242	1,593	-	-
Medical supplies	-	-	4,253	2,663	-
Computer and technical support	12,161	3,528	21,883	-	-
Opportunity Center	-	-	-	-	-
Assistance to individuals	4,291	-	2,333	1,239	28,252
Bad debts expense	31,483	-	291,353	17,026	6,207
Total expenses before depreciation, amortization and interest	726,445	553,024	1,890,529	1,366,278	1,119,803
Depreciation and amortization	1,731	2,381	22,257	42,403	56
Interest expense	974	360	2,372	74,050	-
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 729,150</b>	<b>\$ 555,765</b>	<b>\$ 1,915,158</b>	<b>\$ 1,482,731</b>	<b>\$ 1,119,859</b>

See Accompanying Notes to Combined Financial Statements

<u>Integrated Service Project</u>	<u>Assertive Community Treatment</u>	<u>Mobile Crisis Response Program</u>	<u>Total</u>	<u>Supporting Services Management and General</u>	<u>Total</u>
\$ 396,574	\$ 480,690	\$ 390,292	\$ 4,717,265	\$ 388,365	\$ 5,105,630
48,239	39,579	30,784	401,979	42,895	444,874
34,605	42,500	39,198	393,784	32,535	426,319
479,418	562,769	460,274	5,513,028	463,795	5,976,823
29,581	98,713	8,991	599,575	9,081	608,656
-	-	-	66,740	23,643	90,383
-	-	319	26,587	16,875	43,462
960	-	-	960	11,348	12,308
13,410	8,915	1,938	44,770	27,928	72,698
-	-	-	9,742	-	9,742
17,865	7,803	853	38,589	17,151	55,740
2,520	7,734	2,600	107,973	48,887	156,860
-	-	2,338	29,007	-	29,007
-	-	-	27,264	-	27,264
10,169	16,781	9,477	94,454	15,440	109,894
-	-	891	8,532	8,351	16,883
13,012	109	7,051	100,874	32,821	133,695
31,247	60,065	12,738	189,374	3,436	192,810
3,506	6,616	-	53,787	7,373	61,160
426	300	1,304	10,309	6,197	16,506
365	198	926	9,133	6,947	16,080
-	-	99	18,975	2,994	21,969
1,797	440	755	150,328	4,080	154,408
-	-	348	12,538	948	13,486
-	-	441	2,930	1,369	4,299
45,044	925	-	52,885	581	53,466
-	-	5,627	43,199	22,614	65,813
-	-	-	-	28,439	28,439
265,387	44,196	10	345,708	-	345,708
-	18,783	939	365,791	-	365,791
914,707	834,347	517,919	7,923,052	760,298	8,683,350
22,314	7,037	5,700	103,879	14,081	117,960
-	-	657	78,413	29,910	108,323
\$ <u>937,021</u>	\$ <u>841,384</u>	\$ <u>524,276</u>	\$ <u>8,105,344</u>	\$ <u>804,289</u>	\$ <u>8,909,633</u>



EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 65,557
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	115,979
Deferred bond financing charges amortization	1,981
Bad debts expense	365,791
Minority interest in subsidiaries earnings	25,226
Change in assets and liabilities:	
Increase in accounts receivable	(211,896)
Decrease in prepaid expenses	11,659
Increase in deposits	(60)
Increase in accounts payable	139,545
Decrease in accrued interest payable	(306)
Increase in deferred revenue	163,243
Increase in deposits and cash advances	1,002
Decrease in accrued incentives	(36,224)
Increase in accrued payroll	16,457
Increase in accrued vacation	13,626
Increase in accrued payroll taxes	2,453
Decrease in Lead Agency Reserve Account	(39,957)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>634,076</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Deposits to replacement reserve and interest retained in account	(11,678)
Withdrawals from replacement reserve	2,541
Purchase of property and equipment	(261,534)
Investment in Greater Des Moines Community Foundation	(2,881)
NET CASH USED IN INVESTING ACTIVITIES	<u>(273,552)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from line of credit	300,000
Payments on line of credit	(450,000)
Mortgage principal payments	(59,935)
NET CASH USED IN FINANCING ACTIVITIES	<u>(209,935)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 150,589

CASH AND CASH EQUIVALENTS - Beginning of year 465,537

CASH AND CASH EQUIVALENTS - End of year \$ 616,126

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash payments for interest	\$ 108,629
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EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The combined financial statements include the accounts of Eyerly-Ball Community Mental Health Services; W.H. II, LTD., and W.H. III, Inc. (The Westminster Group). These three entities established an alliance with a common board of directors and a common management team. Eyerly-Ball Community Mental Health Services provides program services primarily to clients on behalf of Polk County, and is a two-thirds owner of Golden Circle Behavioral Health, L.C. Therefore, as a majority-owned subsidiary, the accounts of Golden Circle Behavioral Health, L.C. have also been included in the combination. All material inter-organization transactions have been eliminated in this combination.

Eyerly-Ball Community Mental Health Services

Eyerly-Ball Community Mental Health Services was organized in February 1969 as a private, nonprofit organization representing the disciplines of psychiatry, clinical psychology, social work, and related mental health professions. The purpose of the Organization is to provide and coordinate services for the elderly, mentally ill, or otherwise disadvantaged individuals, through psychotherapeutic treatment, community consultation, and education programs.

The Westminster Group

W.H. II, LTD. and W.H. III, Inc.

W.H. II, LTD. and W.H. III, Inc. are corporations formed in Des Moines, Iowa, in August 1983 under the Iowa Nonprofit Corporation Act. The purpose of these corporations is to operate apartment complexes of 15 units each, under Section 202 of the National Housing Act. Such projects are regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rent charges and operating methods. Their expenses are included in the Residential Care Facilities program.

Golden Circle Behavioral Health, L.C.

Golden Circle Behavioral Health, L.C. (a limited liability company) was formed in 1995 as a joint effort of Iowa Health Systems, Westminster House, Inc., Eyerly-Ball Community Mental Health Services, Des Moines Child and Adolescent Guidance Center, Orchard Place, and Goodwill Industries of Central Iowa under the laws of the State of Iowa. Golden Circle Behavioral Health, L.C. serves individuals in central Iowa with serious and persistent mental illness, and individuals with mental retardation/developmental disabilities.

During October 2001, Iowa Health Systems, Des Moines Child and Adolescent Guidance Center, and Orchard Place withdrew as members of the Organization. Accordingly, Golden Circle Behavioral Health, L.C. is now a majority-owned subsidiary controlled by Eyerly-Ball Community Mental Health Services.

Programs

The Organization's major programs are as follows:

Community Support Programs - where a mutually agreed upon individual service plan is developed and implemented to increase the client's level of functioning and promote the enhancement of independent living skills.

Elderly Outreach Programs - where licensed professionals provide therapy to individuals age 60 or older in their homes, as well as providing case management assistance to enable the individuals to live independently rather than in a more restricted or higher level of care setting.

Clinical and Psychiatric Services - provides psychotherapy to individuals, groups, and families to alleviate symptoms, change or modify behavior, and increase their level of functioning as well as providing medical services by a licensed physician with a specialty in psychiatry, such as medication evaluation

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Clinical and Psychiatric Services (Continued)

and management, and psychiatric evaluations. Also included are services of an ARNP (nurse practitioner) who serves as a liaison to a variety of individuals and programs and coordinates treatment with clinical staff, outside service providers, and families.

Residential Care Facilities - provides supervision and services to mentally challenged individuals in a group home type setting located in the HUD complexes.

Case Management - provides service coordination with the goal of enhancing the client's functioning in vocational, psychological, and social areas.

Integrated Service Project - assists consumers in gaining access to appropriate living environments, psychiatric services, and interrelated social, vocational, and education services.

Assertive Community Treatment - provides comprehensive psychiatric outpatient services delivered in the community, and directed toward the rehabilitation of behavioral/social/emotional deficits and the improvement of symptoms of a mental disorder. These services are directed to patients with severe and persistent mental disorders, which require multiple mental health and support services to maintain the consumer in the community.

Mobile Crisis Response Program - consists of a mobile mental health team that is dispatched at the request of law enforcement to do on-site assessments of individuals when the offense is superseded by mental health issues.

Other Programs - generally provide some combination of the above services to a specifically targeted population either on a fee-for-service or grant basis.

Summary of Organization's Significant Accounting Policies

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Under FASB, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At June 30, 2011, the Organization had no permanently restricted net assets.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

The Organization grants credit to customers, most of whom are located in the Central Iowa area, and to various governmental entities. Accounts receivable are stated at the amount management expects to collect

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Organization's Significant Accounting Policies (Continued)

Accounts Receivable (Continued)

from the outstanding balances. Accounts receivable are considered past due after 30 days and are charged off when management determines the account is uncollectible. The risk of loss on the accounts receivable is the balance owed at time of default.

The organization charges bad debts to operations in the year in which the account is determined uncollectible. If the reserve method of accounting for uncollectible accounts were used, it would not have a material effect on the financial statements.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$16,506 for the year ended June 30, 2011.

Property and Equipment

Property and equipment is stated at cost. The Organization follows the policy of capitalizing all expenditures for property and equipment in excess of \$5,000. Depreciation is computed on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Land improvements	15
Buildings	7-39
Building improvements	15-31.5
Leasehold improvements	10
Vehicles	5
Furniture, fixtures and office equipment	3-7

Income Tax Status

W.H. II, LTD., W.H. III, Inc., and Eyerly-Ball Community Mental Health Services are all exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of Iowa tax law, which provides tax exemption for corporations organized and operated exclusively for religious, charitable or educational purposes. The Organizations have also been classified as entities that are not private foundations.

The results of the operations of Golden Circle Behavioral Health, L.C. are included on the income tax returns of each member. Accordingly, no provision for income taxes is included in these combined financial statements.

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Organization's Significant Accounting Policies (Continued)

Contributions

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board. In accordance with FASB, contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long the long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Deferred Revenues

Deferred revenues represent program revenues received in advance of when the services are provided, contract incentives deferred until expended for authorized purposes, or advances for program startup costs. Revenues are recognized in the period in which the services are provided or expenses incurred. In some cases, unspent amounts are subject to repayment to the funding source.

Donated Services

No amounts have been reflected in the statements for donated services because no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated time to the Organization.

Functional Expense Allocation

Salary and related expenses were allocated on the basis of time spent for program and supporting services. Depreciation expense was allocated directly to programs when possible with the remaining balance assigned to management and general. The allocation of expenses other than salary and related expenses and depreciation shown on the statement of functional expenses was made by assignment of costs based on the allocation of space or the number of full-time equivalent employees.

Method of Reporting

Golden Circle Behavioral Health, L.C. has elected to present its financial statements in a nonprofit format, which more accurately reflects the nature of its activities. Accordingly, it is also presenting a statement of functional expenses in the accompanying combined financial statements.

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Organization's Significant Accounting Policies (Continued)

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. At June 30, 2011, the Organization had no deposits in excess of federally insured limits.

Eyerly-Ball Community Mental Health Services and Golden Circle Behavioral Health, L.C., have receivables from governmental or other agencies and clients, which are subject to the possibility that a loss may occur from the failure of these parties to perform according to terms of the agreements from which the receivables arose. The amount of possible loss is equal to the balance of the receivable at the time of failure to perform. The Organizations do not require collateral or other security to support these financial instruments unless otherwise noted.

The HUD Projects' operations are concentrated in the real estate market and operate in a heavily regulated environment. The operations of the Projects are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Valuation of Investments

In determining fair value, the Organization uses various valuation approaches, which establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Organization only holds Level 2 securities.

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2011:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 291,577	\$ -	\$ -	\$ 291,577
Buildings and building improvements	2,592,805	10,872	-	2,603,677
Leasehold improvements	19,907	-	-	19,907
Vehicles	206,168	-	-	206,168
Furniture, fixtures and office equipment	968,581	250,663	-	1,219,244
	4,079,038	261,585	-	4,340,573
Less accumulated depreciation	2,458,929	115,979	-	2,574,908
	<u>\$ 1,620,109</u>	<u>\$ 145,556</u>	<u>\$ -</u>	<u>\$ 1,765,665</u>

NOTE 3 – NOTES PAYABLE AND MORTGAGE LOANS

Eyerly-Ball Community Mental Health Services has a line of credit with an area bank in the amount \$200,000. Amounts borrowed on this line bear interest at the prime rate. The current interest rate is 5.5% and the line expires March 1, 2012. There was no amount outstanding at June 30, 2011 on this line of credit. The apartment project is pledged as collateral for the line of credit.

W.H. II, LTD. and W.H. III, Inc. have the following notes payable outstanding at June 30, 2011:

Mortgage note payable insured by HUD, remaining balance due \$421,317 at June 30, 2011, payable in monthly installments of \$4,113, including interest at 9.25%, through May 2028. The apartment project is pledged as collateral for the note.

Mortgage note payable insured by HUD, remaining balance due \$369,635 at June 30, 2011, payable in monthly installments of \$3,785, including interest at 9.25%, through August 2026. The apartment project is pledged as collateral for the note.

Eyerly-Ball Community Mental Health Services had the following mortgage loan outstanding at June 30, 2011:

Mortgage loan payable, remaining balance due \$729,264 at June 30, 2011, payable in monthly installments of \$5,946, including interest at 4.0%, through August 31, 2014. The interest rate will be adjusted on August 31, 2014 and 2019, determined at 125 basis points over the U.S. Treasury CMT Rate, but not less than 4.00% nor exceeding 6.75%. This note is secured by a mortgage on property at 945 19<sup>th</sup> Street with a carrying value of \$802,879 and a mortgage on property at 1301 Center Street with a carrying value of \$116,722.

This agreement also places on the Organization certain financial requirements related to operations of the business.

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 3 – NOTES PAYABLE AND MORTGAGE LOANS (Continued)

Future scheduled maturities of long-term debt are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2012	\$ 65,474
2013	69,477
2014	73,649
2015	78,163
2016	82,977
Thereafter	<u>1,150,476</u>
	\$ <u>1,520,216</u>

NOTE 4 – DEFERRED FINANCE COSTS

Costs directly related to Eyerly-Ball Community Mental Health Services' August 31, 2004 debt refinancing totaling \$39,633 have been deferred and are included net of accumulated amortization of \$13,056 in long-term mortgages payable on the accompanying Combined Statement of Financial Position. During the year ended June 30, 2011, \$1,981 in deferred finance charges were amortized and included in current year depreciation expense under the straight-line method. Deferred finance charges are shown net with payments on borrowings on the accompanying Combined Statement of Cash Flows.

NOTE 5 – HUD RESTRICTED DEPOSITS

Use of the residual receipts account is contingent upon HUD's written approval.

NOTE 6 – RENT INCREASES

Under the regulatory agreement, the W.H. II, LTD. and W.H. III, Inc. projects may not increase rents charged to tenants without HUD approval.

NOTE 7 - DISTRIBUTIONS

The Projects' regulatory agreements with HUD stipulate among other things, that the Projects will not make distributions of assets or income to any of its officers or directors.



EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 8 – MAJOR REVENUE SOURCES

Polk County Health Services, Inc. and Magellan Behavioral Health are major funding sources of the Organization. Revenues and accounts receivable from Polk County Health Services, Inc. and Magellan Behavioral Health for the year ended June 30, 2011 were as follows:

Revenue:	
Polk County Health Services, Inc.	\$ 3,611,139
Percentage of total revenue	40%
Magellan Behavioral Health	\$ 1,739,984
Percentage of total revenue	19%
Accounts receivable:	
Polk County Health Services, Inc.	\$ 141,746
Magellan Behavioral Health	\$ 162,122

NOTE 9 – GOVERNMENT FEES AND GRANTS

Eyerly-Ball Community Mental Health Services, and Golden Circle Behavioral Health, L.C. have entered into various agreements with Polk County Health Services, Inc. and various other governmental agencies to provide program services described in Note 1 to the combined financial statements.

All entities record revenue from government fees when the agencies are billed for services provided on a fee-for-service or per diem cost reimbursement basis.

NOTE 10 – REALTED PARTIES

Golden Circle Behavioral Health, L.C. conducts various transactions with Goodwill Industries of Central Iowa, a one-third equity member of Golden Circle Behavioral Health, L.C.

Some of the staff at Golden Circle Behavioral Health, L.C. are employees of Goodwill Industries of Central Iowa. Goodwill Industries of Central Iowa passes on expenses for payroll, employee benefits, management fees, and other miscellaneous expenses and Golden Circle Behavioral Health, L.C. reflects all expenses and accruals related to these transactions by natural classification in their financial statements.

Goodwill Industries of Central Iowa also provides subcontracted program services under contracts held by Golden Circle Behavioral Health, L.C. These amounts are shown as contract services in the statement of functional expenses.

A summary of these transactions for the year ended June 30, 2011 is as follows:

Payroll, related expenses and management fees	\$ 185,407
Subcontracted services	296,170
Payroll services for client wages	21,730
Accounts payable at June 30, 2011	63,238

NOTE 11 – RETIREMENT PLAN

Eyerly-Ball Community Mental Health Services maintains a retirement program qualified under Section 401(k) of the Internal Revenue Code covering all eligible employees. The program allows the Organization to make discretionary contributions to the program, subject to certain limitations. The contributions for the year ended June 30, 2011 totaled \$61,249.

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 12 – LEAD AGENCY RESERVE

This amount represents monies retained by Golden Circle Behavioral Health, L.C. relating to the Integrated Services Project (ISP) program's unexpended funds and unexpended ISP incentive payments in accordance with the Lead Agency Pilot Project Contract and Polk County Health Services, Inc.'s Operations Manual. These funds may be used by Golden Circle Behavioral Health, L.C. for the benefit of Lead Agency clients; however, upon termination of the contract, any unexpended balance must be returned to Polk County Health Services, Inc.

NOTE 13 – NET ASSETS

Net assets at June 30, 2011 include the following balances:

Temporarily restricted net assets:	
Specified consumer assistance	\$ 24,016
Snyder loan fund	<u>1,363</u>
	\$ <u>25,379</u>

NOTE 14 – FAIR VALUE MEASUREMENTS

Fair Value Measurements Using

	<u>Cost</u>	<u>Fair Value</u>	Significant Other Observable Inputs (Level 2)
<u>June 30, 2011</u>			
Investment in Greater Des Moines Community Foundation	\$ <u>16,082</u>	\$ <u>16,082</u>	\$ <u>16,082</u>

FASB establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs because they generally provide the most reliable evidence of fair value.

Level 2 Fair Value Measurements

The fair value of foundation funds is based on quoted values of the shares held by the Organization at year-end.

NOTE 15 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 26, 2011, the date which the financial statements were available to be issued.

NOTE 16 – OPEN TAX YEARS

The Organization's tax returns, for the years ending June 30, 2011, June 30, 2010, June 30, 2009, and June 30, 2008 are subject to examination by the IRS, generally for 3 years after they were filed.

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

SCHEDULE 1

COMBINING STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2011

ASSETS	Eyerly-Ball	Westminster Group	Golden Circle	Eliminations	Combined Totals
<b>CURRENT ASSETS:</b>					
Cash	\$ 193,334	\$ 8,156	\$ 414,636	\$ -	\$ 616,126
Accounts receivable					
Government	683,262	-	153,598	-	836,860
Clients and third-party providers	286,945	-	90,185	-	377,110
Westminster House, Inc.	91,607	-	-	(91,607)	-
Eyerly-Ball Community Mental Health Services	-	-	417,181	(417,181)	-
Other	-	6,992	23,300	-	30,292
Prepaid expenses	-	-	21,699	-	21,699
Total current assets	<u>1,255,148</u>	<u>15,148</u>	<u>1,120,679</u>	<u>(508,788)</u>	<u>1,882,087</u>
<b>NON-CURRENT ASSETS:</b>					
Funded reserves:					
Reserve for replacements	-	70,415	-	-	70,415
Residual receipts	-	17,895	-	-	17,895
Tenant security deposits	-	2,929	-	-	2,929
Investment in Golden Circle Behavioral Health, L.C.	284,245	-	-	(284,245)	-
Rent deposit	2,429	-	7,591	-	10,020
Property and equipment (net of accumulated depreciation)	1,330,427	365,821	89,617	-	1,765,865
Investment in Greater Des Moines Community Foundation	16,082	-	-	-	16,082
Total non-current assets	<u>1,633,183</u>	<u>456,860</u>	<u>77,208</u>	<u>(284,245)</u>	<u>1,883,006</u>
<b>TOTAL ASSETS</b>	<b>\$ 2,888,331</b>	<b>\$ 472,008</b>	<b>\$ 1,197,787</b>	<b>\$ (793,033)</b>	<b>\$ 3,765,093</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES:</b>					
Accounts payable:					
Trade	\$ 270,790	\$ 1,473	\$ 290,831	\$ -	\$ 563,094
Goodwill Industries of Central Iowa	-	-	63,238	-	63,238
Golden Circle Behavioral Health, L.C.	417,181	-	-	(417,181)	-
Eyerly-Ball Community Mental Health Services	-	91,607	-	(91,607)	-
Cost settlement	46,564	-	-	-	46,564
Other	46,167	-	-	-	46,167
Deferred revenue	394,823	-	125,850	-	520,673
Accrued incentives	19,775	-	-	-	19,775
Accrued payroll	146,881	-	95,589	-	242,470
Accrued vacation	134,695	-	75,797	-	210,492
Accrued payroll taxes	10,643	-	10,343	-	20,986
Accrued interest	458	6,097	-	-	6,555
Lead Agency Reserve Account	-	-	108,338	-	108,338
Tenant security deposits held in trust	6,002	2,929	-	-	8,931
Current portion of loans and mortgages payable	42,922	22,552	-	-	65,474
Total current liabilities	<u>1,536,901</u>	<u>124,658</u>	<u>769,986</u>	<u>(508,788)</u>	<u>1,922,757</u>
<b>LONG-TERM LIABILITIES:</b>					
Loans and mortgages payable - Less current portion	659,765	768,400	-	-	1,428,165
Minority interest in subsidiary's equity	-	-	-	143,556	143,556
Total long-term liabilities	<u>659,765</u>	<u>768,400</u>	<u>-</u>	<u>143,556</u>	<u>1,571,721</u>
<b>TOTAL LIABILITIES</b>	<b>2,196,666</b>	<b>893,058</b>	<b>769,986</b>	<b>(365,232)</b>	<b>3,494,478</b>
<b>NET ASSETS:</b>					
Unrestricted	666,286	(421,050)	427,801	(427,801)	245,236
Temporarily restricted	25,379	-	-	-	25,379
<b>TOTAL NET ASSETS</b>	<b>691,665</b>	<b>(421,050)</b>	<b>427,801</b>	<b>(427,801)</b>	<b>270,615</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,888,331</b>	<b>\$ 472,008</b>	<b>\$ 1,197,787</b>	<b>\$ (793,033)</b>	<b>\$ 3,765,093</b>

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINING STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011

	Unrestricted			
	<u>Eyerly-Ball</u>	<u>Westminster Group</u>	<u>Golden Circle</u>	<u>Total Unrestricted</u>
<u>PUBLIC SUPPORT, REVENUE AND OTHER SUPPORT:</u>				
Public support:				
Received directly:				
Contributions	\$ 51,805	\$ -	\$ -	\$ 51,805
Fees and grants from governmental agencies	4,491,840	-	2,312,773	6,804,613
<u>Revenue:</u>				
Private patient and client participation	711,177	-	1,040,093	1,751,270
Rental income	135,857	78,175	-	214,032
Support service fees	-	143,789	-	143,789
Management fees	11,098	-	-	11,098
Investment income	3,240	86	439	3,765
Equity in net income of limited liability company	49,570	-	-	49,570
Miscellaneous	85	-	19,959	20,044
	<u>911,027</u>	<u>222,050</u>	<u>1,060,491</u>	<u>2,193,568</u>
 TOTAL PUBLIC SUPPORT, REVENUE AND OTHER SUPPORT	 <u>5,454,672</u>	 <u>222,050</u>	 <u>3,373,264</u>	 <u>9,049,986</u>
<u>EXPENSES AND OTHER REDUCTIONS:</u>				
Program services	4,991,628	215,452	2,898,264	8,105,344
Supporting services	383,708	20,377	400,204	804,289
Total expenses	5,375,336	235,829	3,298,468	8,909,633
Minority interest in subsidiary's earnings	-	-	-	-
 TOTAL EXPENSES AND OTHER REDUCTIONS	 <u>5,375,336</u>	 <u>235,829</u>	 <u>3,298,468</u>	 <u>8,909,633</u>
 CHANGE IN NET ASSETS	 79,336	 (13,779)	 74,796	 140,353
<u>NET ASSETS</u> - Beginning of year	<u>586,950</u>	<u>(407,271)</u>	<u>353,005</u>	<u>532,684</u>
<u>NET ASSETS</u> - End of year	\$ <u>666,286</u>	\$ <u>(421,050)</u>	\$ <u>427,801</u>	\$ <u>673,037</u>

SCHEDULE 2

<u>Temporarily Restricted</u>		<u>Total Temporarily Restricted</u>		<u>Eliminations</u>		<u>Combined Totals</u>	
<u>Eyerly-Ball</u>							
\$ -	\$ -	\$ -	\$ -			\$ 51,805	
-	-	-	-			6,804,613	
-	-	-	-			1,751,270	
-	-	-	-			214,032	
-	-	-	-			143,789	
-	-	-	-			11,098	
-	-	-	-			3,765	
-	-		(49,570)		-	-	
-	-		-		20,044		
-	-		(49,570)		2,143,998		
-	-		(49,570)		9,000,416		
-	-		-		8,105,344		
-	-		-		804,289		
-	-		-		8,909,633		
-	-		25,226		25,226		
-	-		25,226		8,934,859		
-	-		(74,796)		65,557		
25,379	25,379		(353,005)		205,058		
\$ 25,379	\$ 25,379	\$ (427,801)	\$		270,615		

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINING STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2011

	Community <u>Support</u> <u>Eyerly-Ball</u>	Elderly <u>Outreach</u> <u>Eyerly-Ball</u>	Clin & <u>Psych</u> <u>Eyerly-Ball</u>
Salaries	\$ 493,379	\$ 478,379	\$ 1,009,000
Employee benefits	64,618	17,434	122,526
Payroll taxes	<u>39,521</u>	<u>15,237</u>	<u>118,063</u>
Total salaries and related expenses	597,518	511,050	1,249,589
Contract services	5,675	4,412	107,075
Utilities	110	2,356	21,206
Rent	475	2,794	1,126
Occupancy	-	-	-
Professional fees	2,972	1,025	11,375
Food	-	-	-
Office supplies	881	845	5,719
Equipment repairs and maintenance	2,142	3,704	30,426
Recreation and crafts	4,752	1,209	11,390
Household supplies	-	-	-
Telephone	14,897	6,625	23,346
Postage	1,627	482	3,175
Insurance - General	8,808	2,653	22,200
Transportation	27,903	9,086	11,650
Conferences and training	2,059	931	37,294
Advertising	1,958	713	5,608
Printing	1,663	808	4,132
Licenses	2,602	79	15,709
Miscellaneous	1,121	315	6,613
Subscription and dues	693	167	1,481
Payroll service	654	242	1,593
Medical supplies	-	-	4,253
Computer support	12,161	3,528	21,883
Opportunity Center	-	-	-
Assistance to individuals	4,291	-	2,333
Bad debts expense	<u>31,483</u>	<u>-</u>	<u>291,353</u>
Total expenses before depreciation, amortization and interest	726,445	553,024	1,890,529
Depreciation and amortization	1,731	2,381	22,257
Interest expense	<u>974</u>	<u>360</u>	<u>2,372</u>
TOTAL FUNCTIONAL EXPENSES	\$ <u>729,150</u>	\$ <u>555,765</u>	\$ <u>1,915,158</u>

See Accompanying Independent Auditor's Report

SCHEDULE 3

Program Services					
Residential Care Facilities <u>WH II &amp; WH III</u>	Case Management Golden Circle, L.C.	Integrated Service Project Golden Circle, L.C.	ACT Golden Circle, L.C.	Mobile Crisis Response Everly-Ball	Program Total
\$ 828,942	\$ 640,009	\$ 396,574	\$ 480,690	\$ 390,292	\$ 4,717,265
35,122	43,677	48,239	39,579	30,784	401,979
49,159	55,501	34,605	42,500	39,198	393,784
<u>913,223</u>	<u>739,187</u>	<u>479,418</u>	<u>562,769</u>	<u>460,274</u>	<u>5,513,028</u>
34,403	310,725	29,581	98,713	8,991	599,575
43,068	-	-	-	-	66,740
21,873	-	-	-	319	26,587
-	-	960	-	-	960
5,135	-	13,410	8,915	1,938	44,770
9,742	-	-	-	-	9,742
2,403	2,220	17,865	7,803	853	38,589
57,995	852	2,520	7,734	2,600	107,973
9,318	-	-	-	2,338	29,007
27,264	-	-	-	-	27,264
9,977	3,182	10,169	16,781	9,477	94,454
2,357	-	-	-	891	8,532
47,041	-	13,012	109	7,051	100,874
9,658	27,027	31,247	60,065	12,738	189,374
2,099	1,282	3,506	6,616	-	53,787
-	-	426	300	1,304	10,309
826	215	365	198	926	9,133
486	-	-	-	99	18,975
138,633	654	1,797	440	755	150,328
9,849	-	-	-	348	12,538
-	-	-	-	441	2,930
2,663	-	45,044	925	-	52,885
-	-	-	-	5,627	43,199
-	-	-	-	-	-
1,239	28,252	265,387	44,196	10	345,708
<u>17,026</u>	<u>6,207</u>	<u>-</u>	<u>18,783</u>	<u>939</u>	<u>365,791</u>
1,366,278	1,119,803	914,707	834,347	517,919	7,923,052
42,403	56	22,314	7,037	5,700	103,879
<u>74,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>657</u>	<u>78,413</u>
\$ <u>1,482,731</u>	\$ <u>1,119,859</u>	\$ <u>937,021</u>	\$ <u>841,384</u>	\$ <u>524,276</u>	\$ <u>8,105,344</u>

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINING STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Supporting Services</u> <u>Management and General</u>			
	<u>Westminster</u> <u>House</u> <u>Group</u>	<u>Everly-Ball</u>	<u>Golden</u> <u>Circle, L.C.</u>	<u>Total</u>
Salaries	\$ -	\$ 154,117	\$ 234,248	\$ 388,365
Employee benefits	-	17,647	25,248	42,895
Payroll taxes	-	11,533	21,002	32,535
Total salaries and related expenses	-	183,297	280,498	463,795
Contract services	-	9,081	-	9,081
Utilities	-	23,643	-	23,643
Rent	-	16,875	-	16,875
Occupancy	11,098	-	250	11,348
Professional fees	8,400	6,939	12,589	27,928
Food	-	-	-	-
Office supplies	-	7,146	10,005	17,151
Equipment repairs and maintenance	-	39,816	9,071	48,887
Recreation and crafts	-	-	-	-
Household supplies	-	-	-	-
Telephone	-	4,612	10,828	15,440
Postage	-	1,177	7,174	8,351
Insurance - General	-	9,110	23,711	32,821
Transportation	-	2,125	1,311	3,436
Conferences and training	-	3,448	3,925	7,373
Advertising	-	3,819	2,378	6,197
Printing	-	3,393	3,554	6,947
Licenses	-	2,994	-	2,994
Miscellaneous	879	1,761	1,440	4,080
Subscription and dues	-	948	-	948
Payroll service	-	1,369	-	1,369
Medical supplies	-	-	581	581
Computer support	-	22,614	-	22,614
Opportunity Center	-	-	28,439	28,439
Assistance to individuals	-	-	-	-
Bad debts expense	-	-	-	-
Total expenses before depreciation, amortization and interest	20,377	344,167	395,754	760,298
Depreciation and amortization	-	9,631	4,450	14,081
Interest expense	-	29,910	-	29,910
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 20,377</b>	<b>\$ 383,708</b>	<b>\$ 400,204</b>	<b>\$ 804,289</b>

See Accompanying Independent Auditor's Report



SCHEDULE 3 (Continued)

	Combined <u>Totals</u>
\$	5,105,630
	444,874
	<u>426,319</u>
	5,976,823
	608,656
	90,383
	43,462
	12,308
	72,698
	9,742
	55,740
	156,860
	29,007
	27,264
	109,894
	16,883
	133,695
	192,810
	61,160
	16,506
	16,080
	21,969
	154,408
	13,486
	4,299
	53,466
	65,813
	28,439
	345,708
	<u>365,791</u>
	8,683,350
	117,960
	<u>108,323</u>
\$	<u>8,909,633</u>

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINING STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Eyerly-Ball</u>	<u>Westminster Group</u>	<u>Golden Circle</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Change in net assets	\$ 79,336	\$ (13,779)	\$ 74,796
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization	39,719	42,403	33,857
Deferred bond financing charges amortization	1,981	-	-
Bad debts expense	340,801	-	24,990
Equity in net (income) loss of limited liability company	(49,570)	-	-
Minority interest in subsidiary's earnings	-	-	-
Change in assets and liabilities:			
Decrease (Increase) in accounts receivable	(237,744)	(246)	26,094
Decrease in prepaid expenses	6,982	-	4,677
Increase in deposits	(60)	-	-
Increase in accounts payable	21,212	11,543	106,790
Decrease in accrued interest	(147)	(159)	-
Increase (decrease) in deferred revenue	170,323	-	(7,080)
Increase in deposits and cash advances	1,002	-	-
Decrease in accrued incentives	(1,168)	-	(35,056)
Increase in accrued payroll	4,003	-	12,454
Increase in accrued vacation	8,482	-	5,144
Increase in accrued payroll taxes	934	-	1,519
Decrease in Lead Agency Reserve	-	-	(39,957)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>386,086</u>	<u>39,762</u>	<u>208,228</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Deposit to replacement reserve and interest retained in account	-	(11,678)	-
Withdrawals from replacement reserve	-	2,541	-
Purchase of property and equipment	(250,662)	(10,872)	-
Investment in Greater Des Moines Community Foundation	(2,881)	-	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(253,543)</u>	<u>(20,009)</u>	<u>-</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>			
Proceeds from line of credit	300,000	-	-
Payments on line of credit	(450,000)	-	-
Payments on mortgage	(39,369)	(20,566)	-
NET CASH USED IN FINANCING ACTIVITIES	<u>(189,369)</u>	<u>(20,566)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(56,826)	(813)	208,228
<b><u>CASH AND CASH EQUIVALENTS - Beginning of year</u></b>	<u>250,160</u>	<u>8,969</u>	<u>206,408</u>
<b><u>CASH AND CASH EQUIVALENTS - End of year</u></b>	<u>\$ 193,334</u>	<u>\$ 8,156</u>	<u>\$ 414,636</u>
<b><u>SUPPLEMENTAL INFORMATION:</u></b>			
Cash payment for interest	\$ 34,420	\$ 74,209	\$ -

<u>Eliminations</u>	<u>Combined Totals</u>
\$ (74,796)	\$ 65,557
-	115,979
-	1,981
-	365,791
49,570	-
25,226	25,226
-	(211,896)
-	11,659
-	(60)
-	139,545
-	(306)
-	163,243
-	1,002
-	(36,224)
-	16,457
-	13,626
-	2,453
-	(39,957)
-	634,076
-	(11,678)
-	2,541
-	(261,534)
-	(2,881)
-	(273,552)
-	300,000
-	(450,000)
-	(59,935)
-	(209,935)
-	150,589
-	465,537
\$ -	\$ 616,126
\$ -	\$ 108,629